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Office Nemorandum • UNITED STATES GOVERNMENT

TO : Chief, Economic Research

DATE: 19 April 1954

THRU: Chief, Planning and Review Staff

FROM : Chief, Services Division

-SHIDENHAL

SUBJECT:

Submittal of ORR Project 45.269, "Industrial Labor Productivity in

the USSR"

- 1. Submitted herewith are three copies of the instant project, together with special intelligence supplements, a memorandum by the responsible analyst certifying the classification, and the regular transmittal sheet with an appropriate coordination statement attached.
- 2. This study should be of considerable value in the analysis of problems in Soviet economic growth and as an aid in estimating production when direct statistical evidence is lacking. It should also be helpful in appraising the effectiveness of labor policies and resource allocation.
- 3. The methodology involves straightforward measurement of trends by index numbers with 1940 as a base. The percentages of increase are based on Soviet announcements. The shortcomings of Soviet reporting are discussed in a methodological appendix and the Soviet official index is compared with series computed independently from production estimates made by D/A, CRR, The indices are supplemented wherever possible by physical output amounts and conditions in the industry which assist in understanding the trend.

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- 4. In view of the numerous inquiries received by the producing branch from within CIA and other intelligence agencies, high priority is indicated.
- 5. Problems arose from the lack of material on some critical topics. Information on chemicals was spotty and data were lacking to construct indices on the following important sectors: food processing, clothing manufacture, transport other than rail, communications, electric power, non-ferrous metals. In addition, there were the problems inherent in interpreting Soviet statistical methods.



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6. Such information as was available in special sources tended to confirm the general productivity trends developed in the basic paper.

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RLM: jmc

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